



TRITECH GROUP LIMITED

(Company Registration No: 200809330R)

(Incorporated in the Republic of Singapore on 13 May 2008)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF-YEAR ENDED 30 SEPTEMBER 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Second quarter Ended 30 September			Half year Ended 30 September		
	2015	2014	Change	2015	2014	Change
	(Unaudited) \$'000	(Restated) \$'000	%	(Unaudited) \$'000	(Restated) \$'000	%
Revenue	24,750	15,677	57.9	46,645	30,608	52.4
Cost of sales	(20,793)	(12,686)	63.9	(38,617)	(23,377)	65.2
Gross profit	3,957	2,991	32.3	8,028	7,231	11.0
Other income	365	124	194.3	825	428	92.8
Distribution costs	(322)	(418)	(22.9)	(644)	(769)	(16.3)
Administrative costs	(3,788)	(16,428)	(76.9)	(8,278)	(19,938)	(58.5)
Other operating costs	(1,329)	(1,664)	(20.1)	(2,902)	(3,843)	(24.5)
Finance costs	(896)	(239)	274.9	(1,752)	(778)	125.2
Loss before taxation	(2,013)	(15,634)	(87.1)	(4,723)	(17,669)	(73.3)
Income tax credit	(2)	(351)	(99.4)	(2)	(436)	(99.5)
Loss for the financial period	(2,015)	(15,985)	(87.4)	(4,725)	(18,105)	(73.9)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations, net of tax	(408)	1,640	n.m.	(511)	929	n.m.
Total comprehensive income for the financial year	(2,423)	(14,345)	(83.1)	(5,236)	(17,176)	(69.5)
Loss attributable to:						
Owners of the Company	(2,019)	(15,805)	(87.2)	(4,199)	(17,925)	(76.6)
Non-controlling interests	4	(180)	n.m.	(526)	(180)	192.2
	(2,015)	(15,985)	(87.4)	(4,725)	(18,105)	(73.9)
Total comprehensive income attributable to:						
Owners of the Company	(2,090)	(14,705)	(85.8)	(4,463)	(17,536)	(74.6)
Non-controlling interests	(333)	360	n.m.	(773)	360	n.m.
	(2,423)	(14,345)	(83.1)	(5,236)	(17,176)	(69.5)

n.m. not meaningful

Loss before income tax of the Group is arrived at after (charging)/crediting:

	Second quarter Ended 30 September			Half year Ended 30 September		
	2015	2014	Change	2015	2014	Change
	(Unaudited) \$'000	(Restated) \$'000	%	(Unaudited) \$'000	(Restated) \$'000	%
Other income						
Bad debts recovered	153	-	n.m.	153	-	n.m.
Gain on disposal of property, plant and equipment	12	-	n.m.	43	52	(17.3)
Interest income	3	4	(25.0)	8	7	14.3
Rental income	34	31	9.7	98	102	(3.9)
Reversal of allowance for doubtful trade receivables	141	-	n.m.	141	-	n.m.
Sundry income	22	89	(75.3)	382	267	43.1
Cost of sales, distribution, administrative and other operating costs						
Depreciation of property, plant and equipment	(1,344)	(1,030)	30.5	(2,733)	(2,130)	28.3
Amortisation of land use right	(16)	(14) ⁽¹⁾	14.3	(31)	(29) ⁽¹⁾	6.9
Amortisation of intangible assets	(56)	(56) ⁽²⁾	-	(111)	(111) ⁽²⁾	-
Amortisation of mining rights	(59)	(123)	(52.0)	(118)	(246)	(52.0)

Note: The statement of comprehensive income ended 30 September 2014 have been restated mainly due to:

(1) The adjustment arose from the reversal of fair value of land use right back to cost model; and

(2) The adjustment arose from the finalisation of the purchase price allocation of the identifiable assets of a subsidiary acquired in 2014.

n.m. not meaningful

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at	As at	As at	As at
	30/09/2015	31/3/2015	30/09/2015	31/03/2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	65,008	64,347	1,632	1,651
Investments in subsidiaries	-	-	70,695	70,695
Land use right	2,781	2,810	-	-
Mining rights	14,388	14,506	-	-
Intangible assets	3,461	3,581	-	-
Prepayment (land)	327	378	-	-
Trade and other receivables	601	499	-	-
Deferred tax assets	132	132	-	-
	86,698	86,253	72,327	72,346
Current assets				
Inventories	8,422	7,428	-	-
Trade and other receivables	13,980	14,823	22,643	20,353
Tax recoverable	145	-	-	-
Prepayments	1,728	4,117	34	71
Amounts due from contract customers	53,780	45,619	-	-
Cash and bank balances	21,328	18,780	2,490	2,029
	99,383	90,767	25,167	22,453
Less:				
Current liabilities				
Trade and other payables	37,125	24,508	3,998	4,339
Amounts due to contract customers	1,455	3,894	-	-
Bank borrowings	19,249	21,149	4,687	6,105
Derivative component of convertible loans	813	813	813	813
Finance lease payables	2,292	2,487	-	-
Loan from shareholder	4,971	-	4,971	-
Provision of taxation	1,122	1,275	171	171
	67,027	54,126	14,640	11,428
Net current assets	32,356	36,641	10,527	11,025
Non-current liabilities				
Bank borrowings	3,600	3,805	3,061	3,671
Finance lease payables	2,994	2,991	-	-
Liability component of convertible loans	7,125	6,290	7,125	6,290
Deferred tax liabilities	7,303	7,039	1,005	1,005
	21,022	20,125	11,191	10,966
Net assets	98,032	102,769	71,663	72,405
Equity attributable to owners of the Company				
Share capital	69,367	68,174	69,367	68,174
Reserves	19,802	24,959	2,296	4,231
	89,169	93,133	71,663	72,405
Non-controlling interests	8,863	9,636	-	-
Total equity	98,032	102,769	71,663	72,405

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	As at 30 Sept 2015		As at 31 March 2015	
	Secured (Unaudited) \$'000	Unsecured (Unaudited) \$'000	Secured (Audited) \$'000	Unsecured (Audited) \$'000
Amount repayable within one year	23,852	2,660	19,794	3,842
Amount repayable after one year	13,674	45	12,917	169
	37,526	2,705	32,711	4,011

The borrowings of the Group comprised bank guarantees facilities, finance lease obligations, term loans and non-interest bearing shareholder loan (of \$5.0 million). The bank guarantees are secured by fixed deposits placed with the financial institutions and corporate guarantee from the Company. The finance lease obligations are secured by the lessors' title to the leased assets and corporate guarantee from the Company.

The term loans are secured by:-

- (i) 1st legal mortgage over leasehold property located at Food Xchange @ Admiralty and assignment of all rights and benefits over the rental income from the leasehold property;
- (ii) fixed deposits placed with the financial institutions;
- (iii) all monies guarantee by certain subsidiaries;
- (iv) corporate guarantee from the Company;
- (v) personal guarantees given by the directors of a subsidiary; and
- (vi) the land use right of the Company's subsidiary in the People's Republic of China ("PRC").

1(c) A statement of cash flow (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Second quarter ended		Half year ended	
	30/09/2015 (Unaudited) \$'000	30/09/2014 (Restated) \$'000	30/09/2015 (Unaudited) \$'000	30/09/2014 (Restated) \$'000
Operating activities				
Loss before income tax	(2,013)	(15,634)	(4,723)	(17,669)
Adjustments for:				
Amortisation of intangible assets	56	56	111	111
Amortisation of mining rights	59	123	118	246
Amortisation of land use rights	16	14	31	29
Bad debts recovered	(153)	-	(153)	-
Depreciation of property, plant and equipment	1,344	1,030	2,733	2,130
Gain on disposal of property, plant and equipment	(12)	-	(43)	(52)
Plant and equipment written off	-	1	-	1
Reversal of allowance for doubtful trade receivables	(141)	-	(141)	-
Interest income	(3)	(4)	(8)	(7)
Interest expense	896	239	1,752	778
Operating cash flows before working capital changes	49	(14,175)	(323)	(14,433)
Working capital changes:				
Inventories	(4,785)	(875)	(994)	(2,679)
Trade and other receivables	5,509	(4,374)	(7,126)	(15,271)
Prepayments	455	(652)	2,389	(423)
Trade and other payables	4,601	18,281	10,537	26,920
Cash generated from / (used in) operations	5,829	(1,795)	4,483	(5,886)
Income taxes refund / (paid)	212	-	(36)	(74)
Interest received	3	4	8	7
Net cash generated from / (used in) operating activities	6,044	(1,791)	4,455	(5,953)
Investing activities				
Addition of intangible assets	-	-	-	(8)
Purchase of property, plant and equipment	(989)	(1,787)	(3,153)	(2,890)
Proceeds from disposal of property, plant and equipment	17	-	89	47
Net cash used in investing activities	(972)	(1,787)	(3,064)	(2,851)
Financing activities				
(Increase)/decrease in fixed deposit pledged	(6)	1	(6)	93
Proceeds from bank borrowings	445	2,199	445	2,224
Repayments of bank borrowings	(1,573)	(368)	(2,526)	(733)
Repayments of finance lease obligations	(744)	(663)	(1,520)	(1,504)
Loan from shareholder	2,371	-	4,971	-
Proceeds from issue of shares to non-controlling interests	-	10,005	-	10,005
Interest paid	(405)	(239)	(774)	(778)
Net cash generated from financing activities	88	10,935	590	9,307

	Group			
	Second quarter ended		Half year ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	\$'000	\$'000	\$'000	\$'000
Net change in cash and cash equivalents	5,160	7,357	1,981	503
Cash and cash equivalents at beginning of financial period	9,487	4,134	11,525	11,603
Currency translation differences	(556)	1,186	585	571
Cash and cash equivalents at end of financial period	14,091	12,677	14,091	12,677

Cash and cash equivalents comprise:

	Group	
	Half year ended	
	30/09/2015	30/09/2014
	(Unaudited)	(Restated)
	\$'000	\$'000
Fixed deposits with banks	5,213	7,189
Cash and bank balances	16,115	13,386
Bank overdraft	(2,485)	(2,746)
Fixed deposit pledged	(4,752)	(5,152)
Cash and cash equivalents in the consolidated statement of cash flow	14,091	12,677

d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group (unaudited)	Share capital \$'000	Equity Component of convertible loans \$'000	Gain on disposals to non-controlling interests \$'000	Employee share award reserve \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 July 2015	68,673	2,108	34,952	707	11,112	3,022	(29,315)	91,259	9,196	100,455
Loss for the financial period	-	-	-	-	-	-	(2,019)	(2,019)	4	(2,015)
<u>Other comprehensive income</u>										
Foreign currency differences on translation of foreign operations	-	-	-	-	-	(71)	-	(71)	(337)	(408)
Total comprehensive income for the financial period	-	-	-	-	-	(71)	(2,019)	(2,090)	(333)	(2,423)
<u>Contributions by and distributions to owners</u>										
Transfer to share capital upon issuance of shares to employees	694	-	-	(707)	-	-	13	-	-	-
Total contributions by and distributions to owners	694	-	-	(707)	-	-	13	-	-	-
At 30 September 2015	69,367	2,108	34,952	-	11,112	2,951	(31,321)	89,169	8,863	98,032

d(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group (restated)	Share capital	Other reserve	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling Interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2014	67,174	-	8,878	(1,047)	(78)	74,927	-	74,927
Loss for the financial period	-	-	-	-	(15,805)	(15,805)	(180)	(15,985)
<u>Other comprehensive income</u>								
Foreign currency differences on translation of foreign operations	-	-	-	1,100	-	1,100	540	1,640
Total comprehensive income for the financial period	-	-	-	1,100	(15,805)	(14,705)	360	(14,345)
Non-controlling interests	-	-	-	-	-	-	7,096	7,096
Disposal of shares	-	28,746	-	-	-	28,746	-	28,746
Total transactions with owners of the parent	-	28,746	-	-	-	28,746	7,096	35,842
At 30 September 2014	67,174	28,746	8,878	53	(15,883)	88,968	7,456	96,424

(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

	Share capital	Equity component of convertible loans	Employee share award reserve	Asset revaluation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company (unaudited)						
At 1 July 2015	68,673	2,108	707	926	4	72,418
Loss for the financial period	-	-	-	-	(755)	(755)
Total comprehensive income for the financial period	-	-	-	-	(755)	(755)
<u>Contributions and distributions to owners</u>						
Transfer to share capital upon issuance of shares to employees	694	-	(707)	-	13	-
Total contributions by and distributions to owners	694	-	(707)	-	13	-
At 30 September 2015	69,367	2,108	-	926	(738)	71,663

(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

	Share capital	Asset revaluation reserve	Retained earnings	Total equity
Company (restated)	\$'000	\$'000	\$'000	\$'000
At 1 July 2014	67,174	470	8,837	76,481
Profit for the financial period	-	-	323	323
Total comprehensive income for the financial period	-	-	323	323
At 30 September 2014	67,174	470	9,160	76,804

(d)(ii) Details of any changes in the Company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of the changes in the issued and paid-up capital of the Company since 30 June 2015 to 30 September 2015 are as follows:-

Ordinary shares

	Number of shares	\$
Issued and fully paid ordinary shares as at 30 June 2015	782,635,686	68,673,155
Issuance of shares pursuant to PSP	4,850,000	693,550
Issued and fully paid ordinary shares as at 30 September 2015	<u>787,485,686</u>	<u>69,366,705</u>

Warrants

As at 30 September 2015, there were 386,574,593 bonus warrants allotted and issued, each warrant carrying the right to subscribe for one new share of the Company at an exercise price of \$0.20 for each new share. As at 30 September 2014, there were 386,574,593 warrants.

Performance share plan

On 26 November 2014, the Company had made grants aggregating to 4,950,000 Shares Awards to Directors and employees of the Group under the Trittech Group Performance Share Plan (“PSP”). On 28 July 2015, the Company had issued and allotted 4,850,000 shares pursuant to the PSP.

Treasury shares

The Company did not have any outstanding treasury shares as at 30 September 2015 and 30 September 2014.

Convertible loans

On 21 September 2014, the Company had entered into a convertible loan agreement (“CLA”) with certain individuals (the “Lenders”), for the grant by the Lenders of interest-bearing convertible loans of up to \$20,000,000 in aggregate principal amount to the Company. A maximum of up to 149,783,546 new ordinary shares comprising loan conversion shares and interest conversion shares of the Company are to be issued based on the loan conversion price of \$0.21 and minimum interest conversion price of \$0.11 for each new share. On 28 October 2014, the Company had drawn down \$10,000,000 of the convertible loans. As at 30 September 2015, the Company had allotted and issued 3,673,500 new ordinary shares at an issue price of \$0.1359 per share in settlement of an interest payment as set out in the CLA.

Pursuant to the CLA, the Company had nil and 51,269,047 outstanding loan conversion shares and interest conversion shares as at 30 September 2014 and 30 September 2015 respectively.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.09.2015	As at 31.03.2015
Total number of issued shares excluding treasury shares	787,485,686	778,962,186

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during or as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which accounting standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those used in the most recently audited annual financial statements for the financial year ended 31 March 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group adopted all of the new and/or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and are effective for the financial year beginning 1 April 2015. The adoption of these new and/or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies or any significant impact on the financial statements for the current or prior financial periods reported on.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	2Q2016 (Unaudited)	2Q2015 (Restated)	1H2016 (Unaudited)	1H2015 (Restated)
(a) Basic loss per share (SGD cents)	(0.26)	(2.04)	(0.54)	(2.32)
(b) Diluted loss per share (SGD cents)	(0.26)	(2.04)	(0.54)	(2.32)

- (a) Basic loss per share of the Group in the three months ended 30 September 2015 (“2Q2016”) is calculated based on the weighted average number of ordinary shares in issue of 786,062,316.

Basic loss per share of the Group for the half year financial period ended 30 September 2015 (“1H2016”) is calculated based on the weighted average number of ordinary shares in issue of 783,836,446.

Basic loss per share of the Group in the three months ended 30 September 2014 (“2Q2015”) and half year financial period ended 30 September 2014 (“1H2015”) is calculated based on the weighted average number of ordinary shares in issue of 773,149,186.

- (b) Diluted loss per share of the Group in 2Q2016, 1H2016, 2Q2015 and 1H2015 are the same as the basic loss per share because the potential ordinary shares to be converted under any convertible securities are anti-dilutive.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the:-

a) current financial period reported on; and

b) immediately preceding financial year.

	Group		Company	
	1H2016 (Unaudited)	FY2015 (Restated)	1H2016 (Unaudited)	FY2015 (Restated)
Net asset value per ordinary share based on issued share capital (SGD cents)	11.32	11.96	9.10	9.30

The net asset value per ordinary share of the Group and the Company as at 30 September 2015 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 787,485,686 (31 March 2015: 778,962,186).

8. A review of the performance of the Group, to a reasonable the extent necessary understanding of the Group's business. It must include a discussion of the following:-
- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF INCOME STATEMENT OF THE GROUP

Financial period ended 30 September 2015 ("2Q2016") vs financial period ended 30 September 2014 ("2Q2015")

The Group's revenue increased by \$9.1 million to \$24.8 million in 2Q2016. The increase was mainly due to the increase in revenue from the engineering business of \$4.4 million, increase in revenue from marble resource and related services business of \$2.5 million and the increase in revenue from water-related and environmental business of \$2.2 million.

The Group's gross profit increased by \$1.0 million to \$4.0 million in 2Q2016 mainly due to higher gross profit margin generated from the new projects undertaken by the water-related and environmental business.

The Group's other income increased by \$0.3 million to \$0.4 million in 2Q2016 mainly due to bad debts recovered and reversal of provision of impairment loss of trade receivables.

The Group's administrative costs decreased by \$12.6 million to \$3.8 million in 2Q2016 mainly due to the absence of (i) one-off expenses arising from transfer of the Company's shares at fair value of \$9.9 million for services provided by Successive Investment Limited and Crescent Worldwide Investment Ltd incurred in 2Q2015 and (ii) one-off professional fees incurred for listing of Terratech Group Limited ("Terratech") of \$2.1 million incurred in 2Q2015 and the decrease in office expenses of \$0.6 million in 2Q2016.

Other operating costs decreased by \$0.4 million to \$1.3 million in 2Q2016 mainly due to the absence of foreign exchange losses of \$0.5 million recorded in 2Q2015.

Finance costs increased by \$0.7 million to \$0.9 million in 2Q2016 mainly due to the interests incurred on the convertible loans and higher term loan interest during the financial period under review.

As a result of the above, the Group recorded a loss after tax of \$2.0 million in 2Q2016 as compared to a loss after tax of \$16.0 million in 2Q2015.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current assets of the Group amounted to \$86.7 million as at 30 September 2015, an increase of \$0.5 million from 31 March 2015. The increase was mainly due to purchase of new machinery and equipment of \$3.2 million, partially offset with the depreciation charge of \$2.7 million.

Current assets which comprised inventories, trade and other receivables, tax recoverable, prepayments, amounts due from contract customers and cash and bank balances, were \$99.4 million as at 30 September 2015. This represents an increase of \$8.6 million from 31 March 2015. The increase was mainly due to the increase in amounts due from contract customers of \$8.2 million, the increase in cash and cash balances of \$2.6 million and inventories of \$1.0 million. Such increase was mainly due to corresponding increase in revenue from both engineering business and water and environmental business for the current financial period. However, this was partially offset by a decrease in trade and other receivables of \$0.8 million and a decrease in prepayment of \$2.4 million. The decrease of trade and other receivables was mainly due to timely receipt of collections from customers. Whilst the decrease in prepayment to suppliers was due to reclassification of prepayments to cost of sales upon receipt of supplier invoices.

Current liabilities which comprised trade and other payables, amounts due to contract customers, bank borrowings, derivative component of convertible loans, finance lease payables, loan from shareholder and provision of taxation were \$67.0 million as at 30 September 2015, an increase of \$12.9 million from 31 March 2015. The increase was mainly due to increase in trade and other payables of \$12.6 million was due to additional purchases for current work-in-progress projects for water-related and environmental business in PRC and the increase of interest free loan from shareholder to \$5.0 million. The increase were offset by the decrease in amount due to contract customers, bank borrowings, finance lease payables and provision of taxation totalling \$4.7 million.

Non-current liabilities were \$21.0 million as at 30 September 2015, an increase of \$0.9 million from \$20.1 million as at 31 March 2015. This was mainly due to increase in liability component of convertible loans of \$0.8 million and deferred tax liabilities of \$0.3 million offset by the decrease in bank borrowings of \$0.2 million.

The Group had a positive working capital of \$32.4 million as at 30 September 2015 as compared to \$36.6 million as at 31 March 2015.

REVIEW OF CASH FLOW STATEMENT OF THE GROUP

The Group had a net cash generated from operating activities amounting to \$6.0 million in 2Q2016. The net cash generated from operating activities in 2Q2016 was mainly due to an operating cash inflow of \$0.1 million before working capital changes and working capital inflow of \$5.9 million. The working capital inflow was mainly due to decrease in trade and other receivables and increase in trade and other payables.

Net cash of \$1.0 million was used in investing activities in 2Q2016, for the purchase of new machinery and equipment.

Net cash of \$0.1 million generated from financing activities in 2Q2016 was mainly due to additional interest free loan from shareholder of \$2.4 million and proceeds from bank borrowings \$0.4 million offset by cash outflow for repayment of bank borrowings, repayment of finance lease obligations and interest payment of \$1.6 million, \$0.7 million and \$0.4 million respectively.

As at 30 September 2015, the Group had cash and bank balances amounting to \$14.1 million, an increase from \$11.5 million as at 31 March 2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The industry outlook remains challenging in the next 12 months with increasing competition and manpower shortages. The group will continue to focus on its core business by leveraging its strong track record in engineering to secure more projects as well as enhancing cost effectiveness in the management of on-going projects. As at 31 October 2015, the order book for the engineering business was approximately \$140 million.

The performance of the Group's water-related and environmental business has improved. There has also been significant developments in the Group's water-related and environmental business. As stated in our announcement dated 25 August 2015, the Group has entered into an investment framework agreement with Zhong Xu Kang Yi for the development of its water dispensers and bottled drinking water business in the PRC.

Further, as stated in our announcement dated 21 October 2015, the Group has been awarded a build-operate-transfer project with an estimated investment value of RMB 500 million in Chaohu, Anhui, People's Republic of China ("BOT Project"). As at 31 October 2015, the order book for the water-related and environmental business in the PRC, other than the above stated BOT Project, was approximately \$24 million.

For full commentary on the Group's marble resources and related services business, please refer to the financial results announcement of Terratech in respect of the financial period ended 30 September 2015 which was released separately on 13 November 2015.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and
Nil

(b)(i) Amount per share (cents)
(Optional) Rate (%)
Nil

(b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)
Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
Not applicable

(d) The date the dividend is payable.
Not applicable

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.
Not applicable

- 12 **If no dividend has been declared (recommended), a statement to that effect.**
No dividends has been declared or recommended for the current financial period.

13 **Interested Person Transactions**

If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from its shareholders for interested person transactions. There were no interested person transaction of \$100,000 and above during the financial period reported on, save for an additional interest free shareholder loan of \$2.4 million which has no fixed term of repayment.

14 **Confirmation pursuant to Rule 705(5) of the Catalist listing manual**

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the three months and six months ended 30 September 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wang Xiaoning

Managing Director

13 November 2015